



UTAH STATE SENATE

UTAH STATE CAPITOL COMPLEX • 320 STATE CAPITOL
P.O. BOX 145115 • SALT LAKE CITY, UTAH 84114-5115 • (801) 538-1035

February 25, 2014

Mr. President:

The Business and Labor Committee reports a favorable recommendation on **S.B. 233**, UTAH SMALL BUSINESS JOBS ACT, by Senator J. Valentine, with the following amendments:

1. *Page 2, Lines 31 through 32:*

31 Other Special Clauses:

32 This bill takes effect on ~~{July 1}~~ September 2, 2014.

2. *Page 4, Lines 105 through 107:*

105 (2) An entity may claim a nonrefundable tax credit against a tax liability under this
106 chapter in accordance with this section if the entity is issued a tax credit certificate by the
office
107 under Subsection 63M-1-3403(11). **The office shall issue a tax credit certificate to an**
entity that is allocated tax credits under Subsection 63M-1-3403(11)(e).

3. *Page 4, Lines 114 through 116:*

114 (5) An entity required to pay a retaliatory tax levied under this chapter for a reason
115 other than claiming the tax credit may claim the tax credit after the retaliatory tax amount
is
116 calculated **, and the tax credit may be used to offset retaliatory tax liability**.

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4. Page 8, Lines 223 through 227:

223 (4) "Credit allowance date" means with respect to a qualified equity investment:
224 { ~~(a) the January 1 immediately following the date on which the qualified~~
~~equity~~
225 ~~investment is initially made; and~~
226 ~~(b) the January 1 immediately following each of the six anniversary dates of the~~
~~date~~
227 ~~on which the qualified equity investment is initially made. } (a) the date on which
the qualified equity investment is initially made; and
(b) each of the six anniversary dates of the date described in Subsection (4)(a).~~

5. Page 8, Lines 236 through 238:

236 { ~~(7) "Pass-through entity" is as defined in Section 59-10-1402.~~
237 ~~(8) "Pass-through entity taxpayer" is as defined in Section 59-10-1402. }~~
238 { ~~(9)~~ } (7) "Purchase price" means the amount paid to the qualified
community development

6. Page 8, Line 242:

242 { ~~(10)~~ } (8) (a) "Qualified active low-income community business" is as
defined in Section

7. Page 9, Line 247:

247 (b) Notwithstanding Subsection { ~~(10)~~ } (8) (a), "qualified active low-income
community

8. Page 9, Line 260:

260 { ~~(11)~~ } (9) (a) "Qualified community development entity" is as defined in
Section 45D,

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9. Page 9, Line 270:

270 ~~{(12)}~~ (10) (a) "Qualified equity investment" means an equity investment
 in, or long-term

10. Page 9, Lines 272 through 273:

272 (i) is acquired on or after ~~{July 1,}~~ September 2, 2014, at its original
 issuance solely in exchange for
273 cash;

11. Page 10, Lines 280 through 282:

280 (b) Notwithstanding Subsection ~~{(12)}~~ (10) (a), "qualified equity
 investment" includes a
281 qualified equity investment that does not meet the provisions of Subsection
 ~~{(12)}~~ (10) (a) if the
282 investment was a qualified equity investment in the hands of a prior holder.

12. Page 10, Line 283:

283 ~~{(13)}~~ (11) "Qualified low-income community investment" means a capital
 or equity

13. Page 10, Line 292:

292 ~~{(14)}~~ (12) "Tax credit certificate" is a certificate issued by the office under
 Subsection

14. Page 10, Lines 302 through 306:

302 (1) A qualified community development entity that seeks to have an equity
 investment

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303 or long-term debt security certified as a qualified equity investment and as eligible for tax
304 credits under Section 59-9-107 shall apply to the office. The office shall begin accepting
305 applications on {~~July 1~~} September 2, 2014. The qualified community
development entity shall include the
306 following in the qualified community development entity's application:

15. Page 11, Lines 311 through 315:

311 {~~(c) a certificate executed by an executive officer of the applicant attesting~~
that:
312 —(i) the allocation agreement remains in effect and has not been revoked or
cancelled by
313 the Community Development Financial Institutions Fund; and
314 —(ii) the applicant is not subject to, or controlled by an entity subject to the
requirements
315 of 12 U.S.C. Sec. 2901 et seq.;} (c) a certificate executed by an executive officer of
the applicant attesting that the allocation agreement remains in effect and has not
been revoked or cancelled by the Community Development Financial Institutions
Fund.

16. Page 11, Lines 328 through 329:

328 (g) a nonrefundable application fee of \$5,000 paid to the office for each application
329 submitted , which is deposited into the General Fund and \$2,500 of which is a
dedicated credit for the office to cover the administrative costs related to this part ;
and

17. Page 12, Lines 346 through 356:

346 (3) (a) {~~Subject to Subsection (3)(b), if~~} If the application is complete, the
office shall
347 certify the proposed equity investment or long-term debt security as a qualified equity
348 investment, subject to the limitations contained in Subsection (6).

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349 ~~{(b) The office may not certify qualified equity investments for an applicant,~~
 ~~on a~~
350 ~~combined basis with all of its affiliates, in excess of \$50,000,000 unless the applicant~~
 ~~has:~~
351 ~~—(i) already had qualified equity investments certified under this section;~~
352 ~~—(ii) satisfied the requirements of Subsection (8) with respect to the qualified~~
 ~~equity~~
353 ~~investments that have been certified; and~~
354 ~~—(iii) filed a new application after satisfying the requirements of Subsections~~
 ~~(3)(b)(i)~~
355 ~~and (ii).}~~
356 ~~{(c)}~~ **(b)** The office shall provide written notice of the certification to the
 qualified

18. Page 13, Lines 376 through 379:

376 (6) (a) The office shall certify ~~{\$100,000,000}~~ **\$50,000,000** in qualified
 equity investments pursuant to
377 this section. If a pending request cannot be fully certified due to this limit, the office shall
378 certify the portion that may be certified unless the qualified community development entity
379 elects to withdraw its request rather than receive partial certification.

19. Page 15, Lines 439 through 440:

439 (b) For each calendar year **beginning with calendar year 2016** an entity is
 eligible for a tax credit under this section and
440 Section 59-9-107, the office shall issue to the entity a tax credit certificate **for use after**
 January 1, 2017 and provide the State Tax Commission a copy of the tax credit
 certificate .

20. Page 15, Lines 445 through 453:

445 ~~{(d) The tax credit amount is equal to an amount calculated by the office as~~

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follows, the
446 office shall:
447 — (i) multiply the applicable percentage for the credit allowance date by the
purchase
448 price paid to the qualified community development entity for the qualified equity
investment;
449 and
450 — (ii) if the entity that makes a qualified equity investment is a pass-through
entity;
451 allocate the amount calculated under Subsection (11)(d)(i) to the pass-through entity
taxpayers
452 in accordance with the agreement among the pass-through entity taxpayers as
provided in
453 Subsection (11)(e).} The office shall calculate the tax credit amount and the tax
credit amount shall be equal to the applicable percentage for the credit allowance
date multiplied by the purchase price paid to the qualified community development
entity for the qualified equity investment.

21. Page 15, Lines 454 through 456:

454 {(e) A tax credit claimed by a pass-through entity shall be allocated to a
pass-through
455 entity taxpayer in accordance with the agreement among the pass-through entity
taxpayers. An
456 allocation under this Subsection (11)(e) is not considered a violation of Subsection
(11)(f).} (e) A tax credit earned by a partnership, limited liability company, or
S-corporation may be allocated to the partners, members, or shareholders of the
partnership, limited liability company, or S-corporation for the partners', members',
or shareholders' direct use in accordance with the provisions of any agreement
among the partners, members, or shareholders.

22. Page 15, Line 457:

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457 (f) An entity may not sell a tax credit allowed under this section on the open market.

(12)(a) An entity that claims a tax credit under Section 59-9-107 and this section shall provide the office with a document that expressly directs and authorizes the State Tax Commission to disclose the entity's tax returns and other information concerning the entity that are required by the office and that would otherwise be subject to confidentiality under Section 59-1-403 or Section 6103, Internal Revenue Code, to the office.

(b) The office shall submit the document described in Subsection (12)(a) to the State Tax Commission.

(c) Upon receipt of the document described in Subsection (12)(a), the State Tax Commission shall provide the office with the information requested by the office that the entity authorized the State Tax Commission to provide to the office in the document described in Subsection (12)(a).

23. Page 16, Line 492:

492 (d) If a qualified community development entity ~~{engages in}~~ makes a distribution or debt

24. Page 18, Lines 550 through 553:

550 ~~{(3) The office may not require a deposit from an applicant that:~~
551 ~~—(a) has had proposed qualified equity investments certified under Section~~
~~63M-1-3403;~~
552 ~~and~~
553 ~~—(b) has not forfeited a deposit made under this section.—}~~

25. Page 22, Lines 651 through 654:

651 63M-1-3411. Scope of part.

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652 This part applies only to a return or report originally due on or after {~~July~~
1} September 2, 2014.
653 Section 16. Effective date.
654 This bill takes effect on {~~July 1~~} September 2, 2014.

Respectfully,

Curtis S. Bramble
Committee Chair

Voting: 6-0-1

3 SB0233.SC1.WPD bhowe/BRH PO/BRH 2/25/14 5:54 pm

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